

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

04 - 003

2. STATE:

South Dakota

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2004

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

1902 (a) (13) (A), 1902 (a) (30) and 1923 of the SSA. 42 CFR § 447 Subpart C

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$ 0
b. FFY 2005 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, page 7.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-A, page 7

10. SUBJECT OF AMENDMENT:

To amend the qualifying rates of South Dakota's Disproportionable Share Program to ensure South Dakota's disproportionate share program remain within budgeted amounts.

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

James W. Ellenbecker

13. TYPED NAME:

James W. Ellenbecker

14. TITLE:

Secretary

15. DATE SUBMITTED:

6/28/04

16. RETURN TO:

Dept. of Social Services
Office of Medical Services
700 Governors Drive
Pierre, SD 57501-2291

17. DATE RECEIVED:

June 30, 2004

18. DATE APPROVED:

SEP 21 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

APR - 1 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Diane Livesay

Carmen Keller

22. TITLE:

Deputy Director, CMSO

23. REMARKS:

POSTMARK: June 29, 2004

Group 2: Psychiatric hospitals operated by the State of South Dakota.
Group 3: Other hospitals. (Any hospital not in Group 1 or 2.)

Payments to Group 1 hospitals qualifying under Medicaid inpatient utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the Medicaid inpatient utilization mean for all participating hospitals. Payments to Group 1 hospitals qualifying under low-income utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the low-income utilization mean for all participating hospitals. Payment will be made according to the following schedule:

if the qualifying rate is greater than the mean rate to less than 1 standard deviation above the mean - \$12,970

if the qualifying rate is 1 standard deviation above the mean to less than 2 standard deviations above the mean - \$25,940

if the qualifying rate is 2 standard deviations above the mean to less than 3 standard deviations above the mean - \$38,910

if the qualifying rate is 3 or more standard deviations above the mean - \$51,880

The amount of payment for each hospital is arrived at as follows:

The total number of facilities qualifying at greater than the mean, greater than one standard deviation above the mean, greater than two standard deviations above the mean, and greater than three standard deviations above the mean is determined. The total amount of funding budgeted for disproportionate share payments is then allocated starting with those facilities qualifying at greater than the mean. Facilities qualifying at greater than one standard deviation, greater than two standard deviations, and greater than three standard deviations above the mean are paid double, triple, and quadruple, respectively, the amount for facilities qualifying at greater than the mean. The payment amounts are adjusted until all the budgeted funds would be spent.

The proposed disproportionate share payment for each facility is then compared to the payment limit that has been established for each facility. If the payment limit is less than the proposed disproportionate share payment, then the payment limit amount will be the disproportionate share payment for that particular facility. The sum of the payments made to facilities where the payment limit was met is then subtracted from the total amount budgeted. The remaining budgeted funds are then allocated equally among the facilities where the payment limits have not been met. The subsequent allocation again is determined to insure that facilities qualifying at greater than one standard deviation, greater than two standard deviations, and greater than three standard deviations above the mean are paid double, triple, and quadruple, respectively, the amount for facilities qualifying at greater than the mean.

Payments to Group 2 hospitals qualifying under Medicaid inpatient utilization method will be based on the standard deviation that a facility's qualifying rate exceeds the Medicaid inpatient utilization mean for all participating hospitals. Payments to Group 2 hospitals qualifying under low-income

SEP 21 2004

TN #04-003
SUPERSEDES
TN #03-005

APPROVAL DATE _____ EFFECTIVE DATE 04/01/04